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INTELLIGENCE MEMORANDUM

SOCIALIZATION OF AGRICULTURE IN COMMUNIST CHINA THROUGH 1954

CIA/RR IM-409

22 April 1955

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FOREWORD

This memorandum is one of a series of periodic reviews of the program of the Chinese Communist government to extend its control over agricultural resources and production.* It assesses the effects of the program on agricultural production and gives various measurements of the extent to which the government has carried out the most important phases of agricultural socialization. The assessment of the effects of the program as regards agricultural production are qualitative. This description of the government's problems, however, is informative about the future outlook of the agricultural program and indicative of the general rate of economic development.

The word socialization is used as a general descriptive term for all phases of the Chinese Communist agricultural program. Socialization of agriculture thus covers activities as diverse as land reform and the organization of state and collective farms. The description of these activities applies only in a general way. The actual execution of the program varies widely from place to place at any given time.

* This memorandum supersedes CIA/RR IM-386, Developments in the Socialization of Agriculture in Communist China, 7 May 54, S/US ONLY.

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SOCIALIZATION OF AGRICULTURE IN COMMUNIST CHINA
THROUGH 1954*

Summary

The socialization of agriculture in Communist China** is designed to establish a favorable balance between the extension of economic and political control and the advancement of agricultural production. Because the agricultural sector of the Chinese Communist economy is still the largest single producer of the national wealth, the success or failure of the socialization program may well be the determining factor in the development of the long-range economic plan to convert Communist China to an industrial nation.

Although the socialization program made great organizational progress during 1954, it had an adverse effect on agricultural production. A number of variables, particularly the weather, cause fluctuation in the production of agricultural commodities, and the specific effects of the socialization program cannot be isolated. It is probable, however, that peasant resistance to government pressures toward socialization and defective organization and management of many of the Agricultural Producer Cooperatives were responsible in some measure for the over-all decrease in Chinese Communist agricultural production.

In 1954 the Chinese Communist socialization program was characterized by a reversal of the "soft-line" policy followed in 1953. Probably because the 1953 harvest failed to increase according to plan and because there was apparent in some areas a tendency to re-establish the old capitalistic attitudes and relationships, the government pursued a "hard-line" policy throughout 1954. This policy was reflected in various resolutions and decrees instructing the Party cadres to

* The estimates and conclusions contained in this memorandum represent the best judgment of ORR as of 1 March 1955.

** The term Communist China as used in this memorandum includes the 22 provinces of China proper, the 6 provinces of the area called Manchuria, and the Inner Mongolia Autonomous Region. It excludes the Autonomous Region of Tibet.

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increase promotion of Agricultural Producer Cooperatives. This promotion was intensive throughout the crop season and was given priority over the important tasks of grain and tax collection.

By the end of 1954 the number of Agricultural Producer Cooperatives had increased to 260,000 from the base of 15,000 existing at the end of 1953. The number of agricultural households in the cooperatives reached 4.7 million, compared with 270,000 at the end of 1953. The number of Mutual Aid Teams* at the end of 1954 has not been reported, but official announcements claim that 56 percent of the total agricultural households in Communist China were organized in Mutual Aid Teams, compared with 43 percent at the end of 1953.

Because of the rapid growth of Agricultural Producer Cooperatives in 1954, the Chinese Communist government has raised the goals of original socialization plans for 1955, 1956, and 1957. The program now calls for 600,000 cooperatives in 1955, 1.5 million in 1956, and 3 million in 1957. If these goals are reached, more than 50 percent of all agricultural households in Communist China will be organized in Agricultural Producer Cooperatives by the end of 1957.

The organizational plans for 1955 through 1957 probably will be fulfilled. The pressures of organization throughout the planting and harvesting seasons, however, are likely to have a further disruptive effect on production. Apparently the Chinese Communist government has considered this probability and is willing to accept the consequences in return for greater control over agricultural production.

The ultimate success of the socialization program in Communist China appears somewhat doubtful. There are several factors which at the present time constitute real obstacles to achieving a favorable balance between the extension of economic and political control and the advancement of agricultural production -- peasant resistance stimulated by organizational pressures which ignore incentives, lack of the means to provide adequate agricultural mechanization, and rapidly increasing requirements in the face of a static or slowly increasing agricultural production.

* The formation of Mutual Aid Teams is a preliminary step toward the organization of Agricultural Producer Cooperatives.

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Although the Chinese Communist government ultimately may be faced with serious economic problems stemming from the failure of agricultural production to keep pace with socialization, at the end of 1954 the disruptive effects of the socialization of agriculture did not constitute an actual deterrent to aggressive action.

1. Introduction.

The government of Communist China regards the collectivization of agriculture as the solution of the agrarian problems of the country. In 1951, while land redistribution was still in progress, it became clear that "land reform" was merely a tactical stage in the transition from a private peasant economy to the complete socialization of agriculture. To avoid the opposition which would be the natural reaction to an abrupt and radical institutional change, the Chinese Communists planned a process of transition through several stages. These stages in the socialization process are as follows*:

a. The initial step is land confiscation and redistribution, commonly termed land reform. This step was completed in Communist China in 1953.

b. The second step is the formation of Mutual Aid Teams. These are generally of two types: the temporary Mutual Aid Team, based on labor exchange during peak working seasons, and the permanent Mutual Aid Team, characterized by a combination of farming with subsidiary rural occupations, the adoption of simple production plans for the entire team, elementary divisions of labor, and the ownership of a certain amount of common property.

c. The third step is the reorganization of production by the formation of Agricultural Producer Cooperatives. These cooperatives

* A detailed discussion of the stages appears in an earlier memorandum. 1/ (For serially numbered source references, see Appendix B.)

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are formed from Mutual Aid Teams deemed to have standards sufficiently high to permit the transition. In essence they are a form of cooperative use of land and labor in production. Although private ownership of land is retained, the management of land and the planning of production are unified. Returns to individual members are based both on their labor contributions and on the amount of land they hold in the cooperative.

d. The fourth step is collectivization of agriculture on a nationwide scale -- on the pattern of collective farms in the USSR. In the collective, private and individual claims to land are forfeited, the collective holds title to the land, and the peasant is paid only for his labor.

In 1953 the socialization program experienced considerable growth, with emphasis placed on the development of Agricultural Producer Cooperatives, and, to a lesser extent, on the continued development of Mutual Aid Teams. During 1953, Agricultural Producer Cooperatives increased from 4,000 to 15,000 units,* and Mutual Aid Teams increased from 8.3 million to 10 million. 2/ At the end of 1953 the number of peasant households organized was 43 percent of the total number of agricultural households in the country.**

The socialization policy of the Chinese Communist government during 1953 was noted for its indecisiveness. It was apparent that the drive for the adoption of socialized agricultural farms was proceeding on a trial-and-error basis; the pace adopted at any given time varied with the success in meeting physical obstacles such as floods, drought, famine, and the like and psychological obstacles such as the tendency shown by leading cadres to overestimate the peasant's enthusiasm for socialization. Peasant opposition to the organization of Agricultural Producer Cooperatives posed the problem of how much pressure should be used in forcing the peasants to join the cooperatives. This problem became an important policy matter within the Chinese Communist Party. During the first half of 1953 the campaign to organize Agricultural Producer Cooperatives was pushed intensively. In July 1953, however, the Party issued instructions to its cadres to slow down in order to ease rural tension and to consolidate the existing units. Less than 5 months later, the decision to slow down was reversed. In December 1953 the Central Committee of the

* See Table 1, p. 6, below.

** See Table 2, p. 7, below.

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Chinese Communist Party announced that the organization of Agricultural Producer Cooperatives would be speeded up again. This was the beginning of the government's "hard-line" policy toward socialization -- a policy which was continued throughout 1954.

2. Accomplishments in 1954.

a. Agricultural Producer Cooperatives.

According to the resolution of the Central Committee of the Communist Party published 8 January 1954, the number of Agricultural Producer Cooperatives in China was to be increased from 15,200 to 35,800 before the fall of 1954. ^{3/} Press reports indicate that this figure was later increased to 45,000. The target figure was exceeded in the spring of 1954, when a total of about 95,000 cooperatives, including 1.7 million peasant households, had been established. This represented 1.43 percent of the total agricultural households in the country. By 1 December 1954, a total of 260,000 Agricultural Producer Cooperatives had been established. The number of Agricultural Producer Cooperatives in Communist China, 1951-54 and 1954, 1955, and 1957 Plans, is shown in Table 1.*

Progress in the formation of Agricultural Producer Cooperatives by the fall of 1954, although rapid, was extremely uneven. The extent of development coincided generally with the sequence of acquisition of Communist control over the various regions of China.** In Northeast China, North China, and East China, 224,000 cooperatives have been reported as being established. This accounts for about 85 percent of the total number of cooperatives in the country. In South-Central China there are now 21,000 cooperatives, and in Northwest China and Southwest China there is a total of only 16,400 cooperatives.

In many localities in Northwest China and Southwest China, areas which came last under Communist control and where land reform has just been completed, 16,400 cooperatives represent nearly a fivefold increase over the number in the spring of 1954.

The number of households organized into Agricultural Producer Cooperatives as of 1954 still represents only a small fraction of the

* Table 1 follows on p. 6. .

** See Table 3, p. 17, below.

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Table 1

Number of Agricultural Producer Cooperatives in Communist China
1951-54 and 1954, 1955, and 1957 Plans a/

<u>Year</u>	<u>Cooperatives</u>	<u>Agricultural Households in Cooperatives (Thousands)</u>	<u>Percent of Total Agricultural Households</u>
1951	400 <u>4/</u>	7 <u>b/</u>	N.A.
1952	4,000 <u>5/</u>	72 <u>b/</u>	N.A.
1953	15,000 <u>6/</u>	270 <u>7/</u>	N.A.
1954 Plan	35,800 <u>8/</u>	644 <u>9/</u>	N.A.
1954 Spring	95,000 <u>10/</u>	1,700 <u>11/</u>	1.4 <u>12/ c/</u>
1954 Fall	260,000 <u>d/</u>	4,680 <u>b/</u>	3.9
1955 Plan	500,000 <u>13/</u>	10,000 <u>14/</u>	N.A.
1957 Plan	800,000 <u>15/</u>	16,000 <u>16/</u>	20.0 <u>17/</u>

a. Compare with the regional figures given in Appendix A. Regional and provincial numbers for the various years will not necessarily total to the all-China claims.

b. Based on an average of 18 households per Agricultural Producer Cooperative, which appears to be the national average. The 1955 and 1957 plans reportedly are based on an average of 20 households per cooperative.

c. On the basis of these statistics there were approximately 119 million peasant households in Communist China during 1954.

d. See Table 3, p. 17, below.

total number of agricultural households in Communist China. Mutual Aid Teams account for the major share of the organized peasant households in the country.

b. Mutual Aid Teams.

Although the organization of Agricultural Producer Cooperatives during 1954 received major emphasis, there was still considerable action in setting up Mutual Aid Teams. Government announcements continued to stress the importance of Mutual Aid Teams and their

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continued growth and development as the socialistic base for the more advanced form of agricultural organizations. There is available, however, little organizational information of a quantitative nature. It was reported that at the beginning of 1954, 43 percent of all peasant households belonged to Mutual Aid Teams and that the proportion would be over 50 percent by the end of the year. ^{18/} Another report indicated that near the end of 1954 there were 60 million peasant households in Mutual Aid Teams. ^{19/} The percent of peasant households in Communist China organized in Mutual Aid Teams, 1950-54, is shown in Table 2.

Table 2

Proportion of Peasant Households in Communist China
Organized in Mutual Aid Teams
1950-54

<u>Year</u>	<u>Percent</u>
1950	10 ^{20/}
1951	20 ^{21/}
1952	40 ^{22/}
1953	43 ^{23/}
1954	56 ^{24/} a/

a. Inasmuch as 60 percent of all peasant households in Communist China were reported as organized in both Mutual Aid Teams and Agricultural Producer Cooperatives, the 4 percent found in Agricultural Producer Cooperatives (see Table 1) were excluded.

c. Advanced Socialized Organizations.

The complete collectivization of agriculture in Communist China is still a distant prospect. There exist as yet only 200 "fully socialistic" cooperatives, of which over half were set up in Northeast China in the winter and spring of 1954. ^{25/} A total of 23 was reported as of March 1953. ^{26/}

Very little mention is made of the collective farm, which is referred to as an "Agricultural Producer Cooperative of higher form."

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It is at this level that the peasant finally loses title to his holding, and the government has been very discreet in publicizing this fact.

The method by which the Chinese Communist Agricultural Producer Cooperatives become collective farms makes it difficult to determine when a cooperative actually becomes fully collectivized. Because the change involves a reorientation from emphasis on returns to land to emphasis on returns to labor, it becomes exceedingly difficult to make a sharp distinction between the two socialized forms. In the spring of 1954, for example, 300 cooperatives with over 100 families each were reported in North China. 27/ The usual number of families per cooperative averages from 20 to 30. In another case, the Peking Jen-min Jih-pao of 30 April 1954 reported that 98 Agricultural Producer Cooperatives in suburban Peking had cancelled the system of giving dividends for land shares. 28/ These examples indicate the difficulty of judging when a cooperative becomes a collective; neither of these cases, apparently, is included in the total of 200 "fully socialistic" cooperatives announced by the Communists.

Another advanced organization is the state farm, of which there are two types. One is the mechanized or semimechanized type, and the other is the local unmechanized state farm.* By the summer of 1954 there had been organized in China 110 mechanized or semimechanized state farms and 2,300 local state farms, 29/ compared with 2,219 state farms at the end of 1952, of which 52 were of the mechanized type. 30/

d. Miscellaneous State Organizations.

As of the summer of 1954 there were in China a total of 8,300 Institutes of Agricultural Research, 89 stock and livestock farms, 101 Machine Tractor Stations, and a few other miscellaneous organizations set up to serve specific purposes or to meet special needs. 31/

3. Agrarian Policy in 1954.

In the fall of 1953 the Chinese Communists inaugurated a new social and economic policy called the "general line." To the extent

* State farms are owned by the government and operated with hired labor. At the present time they are not regarded as an institutional form suitable for the mass of peasantry.

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that it affected agriculture, the new policy increased the pressure on the peasant to join one of the socialized organizations recommended by the government. This was a policy shift away from the 1953 position of catering to the individual peasant. Perhaps one reason for this shift was the fact that the regime could not afford to slacken the drive toward socialism. To do so for more than a brief time appeared to run the risk of beginning to slip back toward capitalism; left alone, the Chinese peasant showed a strong inclination to acquire more property. It is probable that rural policy was shaped also by the failure of the 1953 harvest to measure up to expectations. The authorities may have decided that the soft line of 1953 did not pay off and that an uninterrupted advance in the organization of the peasant would have produced a better harvest. Certainly the authorities found it expedient to gain greater control over what was produced, regardless of whether production was large or small.

The various decrees and announcements made during 1954 shed some light on the motives of, and the problems confronting, the government in the socialization program. A few of the principal pronouncements are analyzed below.

A resolution of the Central Committee of the Chinese Communist Party, published 8 January 1954, on the establishment of Agricultural Producer Cooperatives was the first major policy announcement of 1954. ^{32/} Even before this resolution was published, it was clear that the movement was going ahead at a good pace. The resolution touched upon two matters which gave an insight into the difficulties encountered by the regime at the level of the village and indicated the pressure which the Party was using to achieve its ends.

The resolution states that "an ever greater contradiction between the individual economy and Socialist industrialization is making itself increasingly felt" and that the peasants, mainly the middle peasants, have a "two-sided nature" -- as working people and as private owners. As the spontaneous tendency of the peasants toward capitalism develops, "there will inevitably grow in rural villages a conflict between Socialism and Capitalism." The Party now realizes that, in order to drive the peasants along the right road, it must keep a continuous pressure of propaganda on the villages.

The other significant aspect of the resolution was the stress that it placed on the role of the Communist Party. The resolution states that "the development of mutual-aid and cooperation is the

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center of the Party's rural work in the future." The Party committees in all strata below the provincial level must "shift the center of their work to this direction and implement the Party policy of relying at present on the consolidated alliance of poor peasants and middle peasants, gradually developing mutual aid and cooperation, and restricting exploitation by rich peasants." Party members and members of the New Democratic Youth League are to exert leadership in the Mutual Aid Teams and Agricultural Producer Cooperatives. There are now about 6.5 million Party members and about 12 million members of the Youth League. At least half of these live in the villages, and they constitute a tremendous organization which the Party can bring to bear on the reorganization of the peasant economy.

Probably the strongest statement of the government's new policy is the spring cultivation directive issued on 31 March 1954 by the Government Administrative Council. This directive informed rural officials that "agricultural production and mutual aid and cooperatives are a whole task which is unified and cannot be separated. They are the center of all work in the rural areas." 33/

Chou En-lai's report of 23 September 1954 34/ lends further support to this new policy line. It continues to emphasize the formation of cooperatives and to disregard completely the problems besetting the socialization program.

In addition to the motives indicated by the resolutions and directives on rural work, there are undoubtedly other reasons for the emphasis on agricultural socialization. Increased crop production is undoubtedly one of these reasons. The dominating factor, however, probably is the government's desire to obtain control over grain and other agricultural products. It is possible in this fashion to obtain food and fiber requirements to support the military, the administration, and the industrial population. In addition, the peasant population is probably the most recalcitrant in a political sense, and unless the peasants are brought under strict control and their livelihood made dependent on the machinery of the state, there is the possibility of their disaffection to an extent that would pose a threat to the government.

Another facet of the motivations behind the government's socialization program is suggested in Lord Lindsay's report pertaining to his visit to China as a member of Atlee's party in August of 1954. 35/ Lord Lindsay offered the theory that in the minds of the

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Chinese Communists collective farms are a political good; there is little reference to, or inquiry about, their ultimate economic effect. Dogma insists that peasants be organized along socialist lines to prevent capitalism from creeping back into the countryside. Although it might be more realistic for Peking to push organized farming only where it would yield obvious technical advantages, for political reasons the program is being pushed on an over-all basis.

4. Problems.

25X1X7 Some of the effects of the government's agricultural policy have been revealed in the Chinese Communist press and radio and by the accounts of refugees and others who have had opportunities to observe the agricultural situation in Communist China.

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Sections of the Chinese peasantry became more dissatisfied with their lot under the Communist government in 1954. ^{36/} Because of a gradual depression of rural living standards in many areas and the multiplicity and severity of the controls imposed by the Communist authorities, dissatisfaction increased markedly during the winter and spring of 1954. Official concern at signs of rural unrest was reflected in the Chinese Communist press, which reported cases of arson, violent attacks against cadres, serious grain thefts, discord between members of mutual aid organizations, and "counterrevolutionary activities"* in many parts of the country. The press reports admitted that agricultural production had been adversely affected. One of the reported reasons for this dissatisfaction was the decision by the government to hasten the collectivization of agriculture. ^{37/}

Possibly more disturbing to many government planning officials was the realization that Agricultural Producer Cooperatives were not increasing production as had been expected. During the second quarter of 1954 the controlled press hinted that cooperatives had been organized too rapidly. On 3 August 1954 the Peking Jen-min Jih-pao expressed concern that only 30 percent of the Agricultural Producer Cooperatives were well managed and producing as expected and 50 percent to 70 percent of the cooperatives were reported as not showing good production records. ^{38/}

* In the terminology of the Chinese Communists, this does not necessarily imply organized resistance. As used here, in fact, the term implies individual acts against the state.

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The slackening of leadership after the spring plowing was given as the main reason for the uncontrolled development of some Agricultural Producer Cooperatives. Party organs in a number of localities were criticized for having helped the few advanced cooperatives and disregarded the others. The tendency of cadres to let grain and tax collection and the antiflood battle overshadow the "critical work" of cooperativization was strongly criticized. 39/ The Peking Jen-min Jih-pao of 10 August 1954 said that in some of the badly flooded areas of the country a great many members of cooperatives had become discouraged over their hardships and had tended to drop out and migrate to other areas. 40/ In certain areas of Hopeh, Agricultural Producer Cooperatives have shown a tendency to disintegrate because of poor organization by the cadres and a general evasion of responsibility. 41/ In Shantung there are reports that a number of weaknesses were showing up in Agricultural Producer Cooperatives. For example, members were more interested in the cultivation of their private plots than in the cooperative land. 42/ In many areas the problem of financial and accounting mismanagement has become serious. The responsibility for solving all of these problems rests with the local Party leadership. 43/

The Chinese Communists apparently believe that the principal problems in the development of Agricultural Producer Cooperatives and increased agricultural production are those in the realm of internal organization, management, and education. Apparently the question of incentives is ignored. The belief is firmly entrenched in the minds of the authorities that socialization will increase production; any result to the contrary is blamed on factors other than lack of incentive or faulty theory.

The problem of incentives, however, is a factor which probably will determine the success or failure of the socialization program. The situation as of 1954 indicates that farm production incentives have decreased. US observers arriving from various parts of China believe that there is universal resentment to enforced cooperative farming. 44/ In addition, the peasants discovered that they had little access to the bank deposits which they had to make when they sold their grain to the government. 45/

Chinese Communist planning is predicated on the assumption that socialistic institutional forms of agriculture will result in important increases in farm production and that these increases will, in turn, be invested in industrialization. The failure of many

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cooperatives to show any production increase -- many actually showed decreases in 1954 -- is serious from the point of view of the long-term economic development of the Chinese Communist economy.

5. Plans.

a. Agricultural Producer Cooperatives.

The rapid rate at which Agricultural Producer Cooperatives were established in 1954 led to revision of the planned numbers of cooperatives. In a July 1954 speech, Teng Tse-hui, Chairman of the Rural Work of the Communist Party Central Committee, said that the original plan of 500,000 Agricultural Producer Cooperatives for the spring of 1955 should be revised to 600,000. "At this rate," said Teng, "there will be 1.5 million Agricultural Producer Cooperatives in 1956 and 3 million in 1957 with an average of 20 families per cooperative." ^{46/} If such an increase were to be realized, the number of peasant households organized in Agricultural Producer Cooperatives would increase to 12 million in 1955, 30 million in 1956, and approximately 60 million in 1957 -- compared with the 1.7 million peasant households reported in the spring of 1954. In this event, by 1957 the Chinese Communists will have organized in agricultural cooperatives 50 percent of the total peasant households in the country. This is in line with the statement made by Chou En-lai on 23 September 1954 in which he stated that "by 1957, the last year of the First Five Year Plan, more than half of China's peasants are expected to be in Agricultural Producer Cooperatives." ^{47/}

Considering the numbers of households included in other socialized forms of agriculture and assuming the rate of growth indicated by Chou, the Chinese Communists are well on their way to their goal of complete control over the rural economy. It is on the basis of the number of households organized that the extent of their program can best be gaged.

b. Mutual Aid Teams.

There have been no announcements by the Chinese Communists about future plans for the establishment of Mutual Aid Teams. It is most likely that in view of the revised plans for the establishment of Agricultural Producer Cooperatives, Mutual Aid Teams will decrease as the transition to cooperatives is effected and will diminish in importance as their role in the socialization process is completed.

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c. Advanced Socialized Organizations.

In view of the Chinese Communists' reluctance to publish data pertaining to collective farms, it is not surprising that organizational plans have not been forthcoming. Although current information about state farms and other miscellaneous agricultural organizations is available, there is virtually no information on organization plans.

6. Conclusions.

On the basis of the 1954 situation, it is difficult to draw any definite conclusions regarding the specific effects of socialization upon agricultural production.* There were many indications that increased production claimed for the relatively few Agricultural Producer Cooperatives established before the 1954 organization efforts had been the result of discriminatory treatment in the form of government-allocated supplies of credit, fertilizer, and other production inputs. Although the number of households organized in cooperatives still accounts for only a small portion of the total agricultural households (about 4 percent), there is the increasingly awkward problem of how to concentrate a limited supply of production materials into a growing number of cooperatives and thus establish them as examples to the peasantry. With the growth of the cooperative movement, moreover, an active depressive influence makes itself manifest. The attempt to enforce close supervision and control has been passively resisted by some of the peasantry, particularly in South China. 48/

If the Chinese Communists continue to push their cooperativization program at the present rate of growth, the organizational plans for 1955 through 1957 no doubt will be realized. The uninterrupted organization of cooperatives throughout the various planting and harvesting seasons, however, probably will have a disruptive effect on agricultural production. It is apparent that the government

* The analysis of the impact of institutional changes on the social fabric of a nation is essentially a long-range task, except in certain cases. Thus, in speaking about the impact on production of changes in the institutional aspects of Chinese agriculture, it must be recognized that in any given year agricultural production fluctuates with variations in weather. In 1954 the fluctuation was downward, primarily because of extensive flooding. That factor is taken into consideration in the evaluation of the effects of socialization.

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has considered this probability and is willing to accept the consequences in return for greater control over agricultural output. The collection of grain and other crops by the state will thus be facilitated, regardless of whether production increases are realized.

Little more than a start, however, will have been made with the long-term problem of adapting a traditionally peasant agriculture to the requirements of a socialized economy based on heavy industry. This probably is the most difficult long-range problem confronting the government of Communist China.

Apparently the authorities are still making every effort to avoid provoking active resistance. There is continued emphasis on the principle of voluntary participation and the need for the cadres to win the peasants over. Nevertheless, the problem of general peasant resistance will probably increase as the Chinese Communist collectivization program develops. It is not only the rich but also the poor peasant who favors the private ownership of land. Regardless of propaganda in favor of cooperatives, the Chinese peasant is likely to retain his deep-rooted desire to own his own land, and it is difficult to believe that collectivization can be achieved in Communist China except by strongly coercive measures.

The probability of strong peasant resistance, even if police-state methods confine it to passive resistance, is one of the factors which makes questionable the belief that socialization processes will lead to increased agricultural production. Despite certain technical advantages which, in theory, cooperative farming can bring -- consolidated land use and the rapid introduction of technological improvements on traditional methods -- the productivity of land cannot be divorced from incentives and from the attitudes of those cultivating the land. This fact has been illustrated in the USSR by the wide discrepancy between the output of collective farm land and that of the private garden plots of the collective farmers. The phenomenon may be more common in China, where traditional farming has been intensive and yields per hectare have been high.

So far, the socialization of agriculture in Communist China has ignored the factor of incentives, and without incentives, continued pressure upon the peasant very probably will result in a depressive effect upon agricultural production. In addition to the problem of incentives, there is the questionable applicability of large-scale collectivization to the type of farming practiced in much of

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Communist China. Mechanization of paddy farming is certainly very difficult, and the prospect of Communist China's producing enough farm machinery to mechanize dry-farming areas is remote. According to Teng Tse-hui, Chairman of Rural Work of the Communist Party Central Committee, "collective farms using mechanized equipment is a long way off, at least until the third Five Year Plan." ^{49/} It is also difficult to foresee such rapid industrialization in China as would be necessary to absorb agricultural labor displaced by mechanization, particularly in view of the widespread and chronic underemployment which now exists in Communist China.

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APPENDIX A

TABULAR SUMMARY OF AGRICULTURAL PRODUCER COOPERATIVES
IN COMMUNIST CHINA

Table 3

Agricultural Producer Cooperatives in Communist China
by Administrative Region
1951-54

Region	1951 <u>50/</u>	1952 <u>51/</u>	1953 <u>52/</u>	Spring 1954	Fall 1954
Northeast	0	1,200	4,872	17,067 <u>53/</u>	60,000 <u>54/</u>
North	70	1,700	6,186	43,000 <u>55/</u>	103,357 <u>a/</u>
East	0	367	3,300	26,000 <u>56/</u>	60,668 <u>a/</u>
South-Central	0	152	527	10,000 <u>57/</u>	21,355 <u>a/</u>
Northwest	0	130	300	1,361 <u>58/</u>	3,206 <u>a/</u>
Southwest	0	40	59	1,538 <u>59/</u>	13,237 <u>a/</u>
Inner Mongolia	0	0	176	N.A.	1,300 <u>60/</u>
Total	<u>70</u>	<u>3,589</u>	<u>15,420</u>	<u>98,966</u>	<u>263,123</u>

a. Computed on the basis of reported provincial totals in Table 4,
below.

Table 4

Agricultural Producer Cooperatives in Communist China
by Administrative and Provincial Region
1954 Plan, 1954, and 1955 Plan

Region and Province	1954 Plan <u>61/</u>	1954	1955 Plan
Northeast	12,500	60,000 <u>62/</u>	N.A.
North	12,400	103,357 <u>a/</u>	132,837 <u>63/</u>
Shansi		16,283 <u>64/</u>	32,837 <u>65/</u>
Hopeh		87,074 <u>66/</u>	100,000 <u>67/</u>

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Table 4

Agricultural Producer Cooperatives in Communist China
by Administrative and Provincial Region
1954 Plan, 1954, and 1955 Plan
(Continued)

<u>Region and Province</u>	<u>1954 Plan ^{61/}</u>	<u>1954</u>	<u>1955 Plan</u>
East	8,300	60,668 <u>a/*</u>	N.A.
Shantung		24,812 <u>68/</u>	100,000 <u>69/</u>
Kiangsu		17,000 <u>70/</u>	47,000 <u>71/</u>
Anhwei		7,594 <u>72/</u>	37,594 <u>73/</u>
Chekiang		9,300 <u>74/</u>	N.A.
Fukien		1,962 <u>75/</u>	11,451 <u>76/</u>
South-Central	3,600	21,355 <u>a/</u>	N.A.
Honan		10,700 <u>77/</u>	50,000 <u>78/</u>
Hupei		5,041 <u>79/</u>	19,041 <u>80/</u>
Hunnan		714 <u>81/</u>	15,714 <u>82/</u>
Kiangsi		556 <u>83/</u>	N.A.
Kwangtung		1,003 <u>84/</u>	10,000 <u>85/</u>
Kwangsi		3,341 <u>86/</u>	28,000 <u>87/</u>
Northwest	1,000	3,206 <u>a/</u>	N.A.
Tsinghai		40 <u>88/</u>	N.A.
Kansu		30 <u>89/</u>	300 <u>90/</u>
Shensi		2,997 <u>91/</u>	N.A.
Sinkiang		139 <u>92/</u>	689 <u>93/</u>
Southwest	600	13,237 <u>a/</u>	N.A.
Szechwan		7,600 <u>94/</u>	19,600 <u>95/</u>
Yunnan		4,931 <u>96/</u>	9,931 <u>97/</u>
Kweichow		706 <u>98/</u>	N.A.
Sikang		N.A.	100 <u>99/</u>
Inner Mongolia		1,300 <u>100/</u>	6,000 <u>101/</u>
Total China	<u>38,400</u>	<u>263,123</u>	<u>488,257</u> <u>b/</u>

* Footnotes for Table 4 follow on p. 19.

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Table 4

Agricultural Producer Cooperatives in Communist China
by Administrative and Provincial Region
1954 Plan, 1954, and 1955 Plan
(Continued)

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- a. Only regional plan figures are given.
 - b. Computed on the basis of reported provincial totals for each region.
 - c. Total of reported figures. The Chinese Communists have referred to 500,000 and 600,000 agricultural producer cooperatives by the spring of 1955.

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APPENDIX B

SOURCE REFERENCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

<u>Source of Information</u>	<u>Information</u>
Doc. - Documentary	1 - Confirmed by other sources
A - Completely reliable	2 - Probably true
B - Usually reliable	3 - Possibly true
C - Fairly reliable	4 - Doubtful
D - Not usually reliable	5 - Probably false
E - Not reliable	6 - Cannot be judged
F - Cannot be judged	

"Documentary" refers to original documents of foreign governments and organizations; copies or translations of such documents by a staff officer; or information extracted from such documents by a staff officer, all of which may carry the field evaluation "Documentary."

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this report. No "RR" evaluation is given when the author agrees with the evaluations on the cited document.

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